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UNCLAS SECTION 01 OF 03 CALCUTTA 000330

SIPDIS

SENSITIVE

DEPT FOR SA/INS

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [PINR](#) [ECON](#) [EINV](#) [IN](#) [BG](#) [NP](#)

SUBJECT: WEST BENGAL COMMUNIST PARTY LEADER EXPRESSES PRO-CAPITALIST POLICY

1. (SBU) Summary: On September 6, CG met State Secretary of the Communist Party of India - Marxist (CPM) and Politburo and Central Committee member Anil Biswas. While focusing on the need for industrialization in West Bengal, Biswas said that foreign direct investment (FDI) is welcome from any country. Land primarily from urban areas and belonging to closed industries would be allotted for new industry, keeping in mind the interests of peasants. Biswas characterized the labor situation as much improved with disputes being solved quickly. He also noted Maoists and Bangladeshis are a cause for concern in the state. Although the Left supports the Congress at the Center, it will seriously contest the 2006 state Assembly elections and is confident of retaining power. The CPM supports the emerging India-US relationship, but has reservations on the strategic alliance. End Summary.

2. (SBU) On September 6, CG had his first meeting with West Bengal's CPM State Secretary Anil Biswas and State Committee member and Assistant Editor of party daily "Ganashakti," Avik Dutta. Biswas, a CPM Politburo and Central Committee member, is known to be West Bengal Chief Minister (CM) Buddhadeb Bhattacharya's closest confidante and a driving force behind the State's economic reform program. Young and dynamic, Dutta is being groomed as a future CPM leader and is a close aide of Biswas. Both Biswas and Dutta were very open and frank in discussing a full range of issues.

Bid for FDI

3. (SBU) In a fascinating break from its traditional Marxist ideology, Biswas categorically stated that the CPM welcomes capitalism and investment, "be it from Indonesia or the US," as long as it is consistent with State laws. He emphasized that the Central Committee has accepted the "spirit" of CM Bhattacharya's market driven economic planning, saying that it is no departure from the party's resolution and policy statements. Biswas explained that according to these party policies, CPM has no objection to foreign direct investment (FDI), provided investors abide by regulations and generate employment. He said that the CPM is a democratic party in which self-criticism is present, but a consensus has been reached in favor of industrialization since the goal for West Bengal is to regain its "pre-independence position" as an economically advanced State. Biswas clarified that knowledge-based industries such as IT, biotechnology as well as chemical industries are especially welcome. He maintained that new industries are to be established without destroying traditional ones.

The Land Question

4. (SBU) On the contentious issue of allotment of land for industrial purposes, Biswas said that only land around cities would be utilized for industrialization and not in remote rural areas. The peasants' interests are to be protected through the maximum utilization of wasteland. 40,000 acres of land belonging to closed industrial units are to be distributed for industry, commercial complexes and real estate business. The focus is currently on land surrounding Calcutta in South 24-Parganas, Howrah, Burdwan and West Midnapore. Some areas have already been allotted to Indian business groups. (Comment: Use of agricultural land for industrialization is a highly sensitive issue in West Bengal and for the CPM. The CPM's political base is in the rural areas where the party had great success in establishing its dominance through distribution of land to poor farmers as part of a program of land reform in the late 1970's. The CPM is especially sensitive to charges from allies like the Forward Bloc and the opposition that the CPM is now abandoning the farmers for industry. End Comment.)

5. (SBU) However in South 24-Parganas, some agricultural land would be taken from local farmers for industrial purposes and the dispossessed would be compensated. Biswas admitted that details on the much-publicized Indonesian Salem Group's investment in West Bengal may be exaggerated - instead of the projected Rs. 40,000 crores (approximately \$ 9 billion), the actual investment over a period of 15 years may not exceed half

the amount. The project would include the establishment of a township and a factory for scooters/motorcycles.

Improved Labor Scenario

16. (SBU) When asked about the labor scenario in the State, Biswas offered a striking change from the past as he explained that although the party does not restrict the democratic rights of workers, the CPM now accepts that industry cannot survive without improvements in productivity. The government and party are active in settling labor disputes through negotiation and the last few years have seen an improvement in the situation. He cited recent examples of disputes involving the tea and coal sectors that were peacefully and speedily resolved with input from industry.

Tackling Maoists & Bangladeshis

17. (SBU) Biswas and Dutta candidly admitted their party's concern on two problematic issues: Maoist activity and Bangladeshi migration into the state. Biswas said that Maoists are active in Purulia, Bankura and Midnapore where landless peasants and tribals are common. The party is fighting the extremists ideologically and politically with the assistance of its cadres. (Note: A website of the ultra-left extremist Communist Party of India - Maoist has charged CM Bhattacharya's government of attacking "comrades" and claimed to have given a fitting reply by killing three CPM leaders in July. End Note.) While acknowledging that Bangladeshis are entering the state in numbers, Biswas maintained that the CPM, unlike the BJP, does not believe in labeling Hindu Bangladeshi migrants as refugees and the Muslims as illegal entrants. He said that the problem is humanitarian in nature and should be settled amicably between India and Bangladesh. (Comment: For decades Bangladeshis constituted a part of the CPM's vote bank. Recently, CM Bhattacharya has voiced his concerns on possible security threats if the influx continues unabated. End Comment.)

Friend in Delhi, Foe in State

18. (SBU) The leaders clarified that the Left supports the Congress-United Progressive Alliance (UPA) in Delhi on the basis of the Common Minimum Program (CMP). However, relations between the Congress and the CPM are "sweet and sour," and in the state Assembly elections scheduled for 2006, the Left will seriously contest the Congress. At the Center, the CPM supports the Congress not because they share common principles but only to keep out the BJP. A Congress-Trinamul Congress alliance in the State is possible, but the CPM is not worried since its enhanced support base was evident when it won the May-June municipal elections. Biswas asserted that the Left would continue to support the Congress at the Center despite the approaching state elections and sounded confident that the Left would return to power in West Bengal since the Congress can provide no alternative. He predicted that the CPM would win at least 170 of the 294 Assembly constituencies.

No Support for Strategic Alliance With U.S.

19. (SBU) When asked by CG what he thought of the Indian Prime Minister Manmohan Singh's recent visit to Washington, D.C., the Left leaders responded that his visit was a positive development and all emerging ties between India and the U.S. are welcome, barring those on military and strategic issues. Biswas explained that close defense cooperation could lead to further complications by exacerbating the growing plague of secessionist forces in the Indian subcontinent. Strategic affairs being very sensitive and the U.S. already being a strategic ally of Pakistan, the CPM would not want India to be in a similar relationship with the U.S.

110. (SBU) Comment: The meeting with the CPM State Secretary and Assistant Editor of its mouthpiece newspaper "Ganashakti" was striking in its friendly and frank tone, especially given the CPM's past virulent anti-capitalist and anti-American views. CG was struck by the dissonance of Biswas saying the CPM desired private investment and a market economy while a red hammer and sickle flag was prominently displayed behind him. The CPM in West Bengal has clearly changed its views on capitalism and the party fully supports CM Bhattacharya's efforts to attract FDI. Though their presence is limited, Maoist insurgents are a major concern for the CPM as they have been executing CPM functionaries in what both groups recognize as the CPM's historic political base. The Maoist threat in West Bengal has resonance for the CPM as it constitutes not only a security challenge but also an ideological one, just as the CPM is attempting to move its economic policy to the center.

